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FILED

OCT 18 2005

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By: Nicholas B. Armstrong
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SUPERIOR COURT OF NEW JERSEY
CHANCERY DIVISION, BERGEN COUNTY
DOCKET NO.: BER-C-413-04

PETER C. HARVEY, Attorney General of
the State of New Jersey and KIMBERLY S.
RICKETTS, Director of the New
Jersey Division of Consumer Affairs,

Plaintiffs,

v.

CIRCUIT CITY STORES, INC.,
JOHN DOES 1-18, individually and as
officers, directors, shareholders, founders,
owners, agents, servants and/or employees
of CIRCUIT CITY STORES, INC.
and XYZ CORPORATIONS 1-18,

Defendant.

Civil Action

FINAL CONSENT JUDGMENT

The Parties to this action and Final Consent Judgment (the "Parties") are plaintiffs Peter C. Harvey, Attorney General of the State of New Jersey and Kimberly S. Ricketts, Director of the New Jersey Division of Consumer Affairs (hereinafter collectively referred to as "Plaintiffs") and defendant Circuit City Stores, Inc., as well as its owners, officers, directors, employees, representatives, agents, successors, assigns, independent contractors, subsidiaries and/or affiliates ("Defendant"). As evidenced by their signatures below, the Parties consent to the entry of this Final Consent Judgment and its provisions without trial or adjudication of any issue of fact or law, and

without an admission of any liability or wrongdoing of any kind. The Parties consent to entry of this Final Consent Judgment to avoid the expenses and uncertainty associated with further litigation.

This is a Final Consent Judgment ("Consent Judgment") for which execution may issue. The Parties consent to entry of this Consent Judgment without further notice.

By signature of their respective counsel below, and except as otherwise set forth herein, the Parties waive any right to appeal, petition for certiorari, or to move to reargue or be heard, in connection with any judicial proceeding upon this Consent Judgment in the form originally signed and submitted to the Court by the Parties. Each of the Parties retains any right afforded by law to notice of, and to oppose, and be heard on, any motion or other proceeding for modification, enforcement, or execution of this Consent Judgment, and the right to appeal any subsequent order of any court relating to this Consent Judgment.

IT IS HEREBY ORDERED, ADJUDGED AND AGREED AS FOLLOWS:

1. JURISDICTION

1.1 The Parties admit jurisdiction of this Court over the subject matter and over the Parties for the purpose of entering into this Consent Judgment. The Court retains jurisdiction for the purpose of enabling the Parties to apply to this Court at any time for such further orders and relief as may be necessary for the construction, modification, enforcement, execution or satisfaction of this Consent Judgment.

2. VENUE

2.1 Pursuant to N.J.S.A. 56:8-8, venue as to all matters between the Parties hereto relating to or arising out of this Consent Judgment shall lie exclusively in the Superior Court of New Jersey, Chancery Division, Bergen County.

3. PARTIES

3.1 Plaintiffs are Peter C. Harvey, Attorney General of the State of New Jersey, and Kimberley S. Ricketts, Director of the New Jersey Division of Consumer Affairs.

3.2 Defendant is Circuit City Stores, Inc. as well as its owners, officers, directors, employees, representatives, agents, successors, assigns, independent contractors, subsidiaries and/or affiliates.

3.3 This Consent Judgment shall bind the Parties and shall be binding on any and all future purchasers, merged parties, inheritors, or other successors of the Defendant.

4. DEFINITION

As used in this Consent Judgment, the following words or terms shall have the following meanings:

4.1 "Action" shall refer to the action titled Peter C. Harvey, Attorney General of the State of New Jersey and Kimberly S. Ricketts, Director of the New Jersey Division of Consumer Affairs v. Circuit City Stores, Inc., John Does 1-18 individually and as officers, directors, shareholders, founders, owners, agents, servants and/or employees of Circuit City Stores, Inc., and XYZ Corporations 1-18, Superior Court of New Jersey, Chancery Division, Bergen County, Docket No. BER-C-413-04, and all pleadings and proceedings related thereto.

4.2 "Advertising" or "Advertisement" shall mean any written, graphic or pictorial statement or representation made in any newspaper, magazine, or other publication, as well as any statement or representation made in promotional or sales material including, but not limited to, in-store signage. For purposes of this Consent Judgment, "Advertising" or "Advertisement" does not include statements or representations made through television, radio or other electronic means of communication.

4.3 "Advertising Regulations" shall refer to the General Merchandise Advertising Regulations, N.J.A.C. 13:45A-9.1 et seq., promulgated pursuant to the CFA.

4.4 "Affected Consumer" shall refer to any Consumer (as hereinafter defined) who either directly or indirectly (through another agency or Better Business Bureau) submitted to the Division of Consumer Affairs (as hereinafter defined) a complaint concerning Defendant's business

practices, up to and including the Effective Date (as hereinafter defined), and whose complaint has been forwarded to Defendant by the Division.

4.5 "Any" includes "all" and vice versa.

4.6 "Attorney General" shall refer to the Attorney General of the State of New Jersey and the Office of the Attorney General of the State of New Jersey.

4.7 "Clear and Conspicuous" and "Clearly and Conspicuously" mean that the statement, representation or term being disclosed is of such size, color and contrast as to be readily apparent to the person to whom it is being disclosed.

4.8 "Complaint" shall refer to the Complaint filed on December 3, 2004 in the Action.

4.9 "Consent Judgment" shall refer to this document titled "Final Consent Judgment" to be filed in this Action.

4.10 "Consumer" shall mean any person, a natural person or individual, any business entity (whether partnership, trust, estate, incorporated or unincorporated association, limited liability company, cooperation or corporation), any governmental agency or entity and any other legal or commercial entity, however organized.

4.11 "Consumer Fraud Act" or "CFA" shall refer to the New Jersey Consumer Fraud Act of 1960, as amended, N.J.S.A. 56:8-1 et seq.

4.12 "Division" or "Division of Consumer Affairs" shall refer to the New Jersey Division of Consumer Affairs.

4.13 "Effective Date" shall mean the date this Consent Judgment is filed with the Court.

4.14 "Merchandise" shall be defined in accordance with N.J.S.A. 56:8-1(c) and for purposes of the Advertising Regulations, in accordance with N.J.A.C. 13:45A-9.1.

4.15 "Merchandise Card" shall refer to a card with a specified monetary value, which Defendant provides as a promotion with the purchase of specific Merchandise, and which may be used toward the future purchase of Merchandise.

4.16 "Original Purchase" shall refer to the purchase of Merchandise which entitles a Consumer to receive a Merchandise Card.

4.17 "Person[s]" shall refer to any natural person, individual, any business entity (whether partnership, trust, estate, incorporated or unincorporated association, cooperation or corporation), any governmental agency or entity any other legal or commercial entity however organized.

4.18 "Represent" means to state or imply through claims, statements, questions, conduct, graphics, symbols, lettering, formats, devices, language, documents, messages, or any other manner or means by which meaning might be conveyed. This definition applies to other forms of the word "Represent" including, without limitation, "Representation," "Misrepresent" and "Misrepresentation."

4.19 "State" shall refer to the State of New Jersey.

4.20 "Zero Interest Financing" shall refer to any Representation in any Advertisement that Consumers can purchase Merchandise through a finance program that may result in no finance charge having been paid or assessed for the zero interest period (e.g. "0 Interest," "No Interest," or "No Interest, No Payments for 12 Months") if specified conditions are met (e.g. payment is made in full).

4.21 "Zero Interest Financing AVC" shall refer to the document titled "Agreement of Voluntary Compliance and Statement of Understanding" entered into between Circuit City Stores, Inc. and the States of Arkansas, California, Florida, Massachusetts, New Jersey, Tennessee, Texas, Washington and Wisconsin ("Negotiating States"), and the States of Alabama, Georgia, Hawaii, Louisiana, Minnesota, Mississippi, North Carolina, Rhode Island, Virginia, West Virginia, and the District of Columbia ("Concurring States") by their representative Attorney General, Corporation Counsel or Office of Consumer Protection, dated November 26, 1996.

4.22 "Zero Interest Period" shall refer to the time period under any Zero Interest Financing program during which no finance charge may result if specified conditions are met (e.g.

payment is made in full) by the end of the specified period (e.g. "No Payments, No Interest for 12 Months").

5. ACKNOWLEDGMENT

The Parties acknowledge the following:

5.1 Defendant has advertised Zero Interest Financing through the use of Representations such as "0 Interest," "No Interest," or "No Interest, No Payments for 12 Months."

5.2 On November 26, 1996, Defendant, the State of New Jersey as well as eighteen (18) other states and the District of Columbia entered into an Agreement of Voluntary Compliance and Statement of Understanding ("Zero Interest Financing AVC", a copy of which is attached as Exhibit A).

5.3 In the Zero Interest Financing AVC, among other things, Defendant agreed not to "[a]dvertise zero interest financing in a manner that has the capacity, tendency or effect of deceiving or misleading consumers, or that fails to state clearly and conspicuously a material fact." (Exh. A ¶5.)

5.4 The Zero Interest Financing AVC provided that if Defendant "makes any statement in an advertisement about the availability of zero interest financing (e.g. "No Interest" or "No Interest, No Payments")" the Advertisement had to prominently and in close proximity disclose certain information, as provided therein. (Exh. A ¶7.)

6. BUSINESS PRACTICES AND INJUNCTIVE RELIEF

Except as otherwise specifically set forth in this Consent Judgment, pursuant to the CFA, N.J.S.A. 56:8-8, Defendant hereby agrees to refrain from engaging in any of the following or from failing to engage in the following, as appropriate:

6.1 Defendant shall comply with N.J.S.A. 56:8-1 et seq. and the regulations promulgated pursuant thereto including, without limitation, General Advertising Regulations, N.J.A.C. 13:45A-9.1 et seq.

6.2 Defendant agrees to fully comply with all provisions of the Zero Interest Financing AVC.

6.3 If the Defendant makes any statement in an Advertisement about the availability of Zero Interest Financing (e.g. "No interest" or "no interest, no payments"), then the Advertisement shall comply with the requirements of Paragraph seven (7) of the Zero Interest Financing AVC.

6.4 In the Advertisement of Zero Interest Financing, Defendant shall not utilize any type, size, location, lighting, illustration, graphic depiction or color resulting in the obscuring of any material fact, in accordance with N.J.A.C. 13:45A-9.2(a)(5).

6.5 In the Advertisement of any Merchandise Card, Defendant shall not utilize any type, size, location, lighting, illustration, graphic depiction or color resulting in the obscuring of any material fact, in accordance with N.J.A.C. 13:45A-9.2(a)(5).

6.6 In the Advertisement of Merchandise for sale, Defendant shall comply with N.J.A.C. 13:45A-9.2(a)(1) by having a sufficient quantity of sale items in inventory or otherwise available for immediate purchase, which may be accomplished through special order.

6.7 For Merchandise Advertised at a price greater than \$100.00, Defendant shall comply with N.J.A.C. 13:45A-9.4.

6.8 Defendant shall comply in all respects with N.J.S.A. 56:8-2.5 to ensure that all Merchandise offered for sale is plainly marked by a stamp, tag, label or sign either affixed to the Merchandise or located at the point where the Merchandise is offered for sale.

7. RESOLUTION OF CONSUMER COMPLAINTS

7.1 Defendant Represents that as of the Effective Date, Defendant has resolved the complaints of all Affected Consumers. Defendant shall provide the Division with written confirmation of the resolution of these Complaints within thirty (30) days of the Effective Date. Within thirty (30) days of receiving such written confirmation, the Division shall notify Defendant of any Affected Consumer complaints that it has concluded were not appropriately resolved. Upon

the Division's confirmation that an Affected Consumer has been provided the appropriate resolution, that Affected Consumer's complaint shall be closed by the Division.

8. SETTLEMENT PAYMENT

8.1 Defendant agrees that in settlement of this matter, it shall pay the amount of One Hundred Seventy-Three Thousand Two Hundred Twenty and 00/100 Dollars (\$173,220.00) to the State (the "Settlement Payment").

8.2 Defendant agrees to make the Settlement Payment contemporaneously with the execution of this Consent Judgment. Such payment shall be made by check or money order made payable to "Treasurer, State of New Jersey" and delivered to the following address:

Nicholas Armstrong, Deputy Attorney General
Division of Law
124 Halsey Street, 5th Floor
P.O. Box 45029
Newark, New Jersey 07101

8.3 Upon making the Settlement Payment described in Section 8.1, Defendant shall immediately be fully divested of any interest in, or ownership of, the monies paid and all interest in the monies, and any subsequent interest or income derived therefrom, shall inure entirely to the benefit of the State pursuant to the terms herein.

8.4 From the Settlement Payment, the State shall receive Twenty-Three Thousand Two Hundred Twenty and 00/100 Dollars (\$23,220.00) as reimbursement for the State's attorneys' fees and investigative costs.

8.5 From the Settlement Payment, the State shall receive One Hundred Fifty Thousand and 00/100 Dollars (\$150,000.00) as civil penalties for the claims set forth in the State's Complaint. Said payment shall be applied to the funding of future and further Division of Consumer Affairs' initiatives.

9. GENERAL PROVISIONS

9.1 This Consent Judgment is entered into by the Parties as their own free and voluntary act and with full knowledge and understanding of the nature of the proceedings and the obligations and duties imposed by this Consent Judgment.

9.2 Nothing in this Consent Judgment constitutes any agreement by the Parties concerning the characterization of the amounts paid pursuant to this Consent Judgment for purposes of the Internal Revenue Code or any State tax laws.

9.3 This Consent Judgment shall be governed by, and construed and enforced in accordance with, the laws of the State.

9.4 Except as otherwise explicitly provided in this Consent Judgment, nothing herein shall be construed to limit the authority of the Attorney General to protect the interests of the State or the people of the State.

9.5 The Parties have negotiated, jointly drafted and fully reviewed the terms of this Consent Judgment and the rule that uncertainty or ambiguity is to be construed against the drafter shall not apply to the construction or interpretation of this Consent Judgment.

9.6 If any portion of this Consent Judgment is held invalid or unenforceable by operation of law, the remaining terms of this Consent Judgment shall not be affected.

9.7 This Consent Judgment shall be binding upon the Parties and their successors. In no event shall assignment of any right, power or authority under this Consent Judgment avoid compliance with this Consent Judgment.

9.8 Nothing in this Consent Judgment shall preclude a right of action or defense by any Person not a Party hereto.

9.9 This Consent Judgment sets forth the entire agreement between the Parties, and there are no Representations, agreements, arrangements or understandings, oral or written, between the

Parties relating to the subject matter of this Consent Judgment that are not fully expressed herein or attached hereto.

9.10 The Exhibits to this Consent Judgment are and shall be considered a part of this Consent Judgment.

9.11 This Consent Judgment is agreed to by the Parties and entered by the Plaintiffs for settlement purposes only. Neither the fact of, nor any provision contained in, this Consent Judgment nor any action taken hereunder shall constitute, or be construed as: (a) an approval, sanction or authorization by the Attorney General, the Division or any other governmental unit of the State of any act or practice of the Defendant; and (b) an admission by Defendant that any of its acts or practices described in or prohibited by this Consent Judgment are unfair or deceptive or violate any of the consumer protection laws of the State. This Consent Judgment is not intended, and shall not be deemed, to constitute evidence or precedent of any kind except in: (a) any action or proceeding by one of the Parties to enforce, rescind or otherwise implement or affirm any or all of the terms of this Consent Judgment; or (b) any action or proceeding involving a Released Claim (as defined in Section 10.1) to support a defense of res judicata, collateral estoppel, release or other theory of claim preclusion, issue preclusion or similar defense.

9.12 This Consent Judgment may be amended either by: (a) order of this Court entered pursuant to a written agreement between the Parties; or (b) order of this Court granting a motion to amend by Defendant, for good cause shown. Before making a motion to amend, Defendant shall serve a copy of the proposed amendment upon the Plaintiffs pursuant to Section 13.1. If Plaintiffs object to the proposed amendment, such objection shall be in writing and served upon the Defendant pursuant to Section 13.1 and within thirty (30) days of Plaintiffs' receipt of the proposed amendment. A motion for amendment shall be served upon Plaintiffs in accordance with Section 13.1.

9.13 Defendant shall educate all necessary employees so that Defendant can effectuate the terms of this Consent Judgment.

9.14 Unless otherwise prohibited by law, any signatures by the Parties required for entry of this Consent Judgment may be executed in counterparts, each of which shall be deemed an original, but all of which shall together be one and the same Consent Judgment.

10. RELEASE

10.1 In consideration of the payments, undertakings, mutual promises and obligations provided for in this Consent Judgment and conditioned on Defendant making the Settlement Payment in the manner specified in Section 8, the Plaintiffs hereby agree to release Defendant from any and all civil claims or Consumer related administrative claims, to the extent permitted by State law, which Plaintiffs could bring or could have brought prior to the Effective Date against Defendant for violations of the CFA, the Advertising Regulations and the matters addressed in this Consent Judgment (the "Released Claims").

10.2 Notwithstanding any term of this Consent Judgment, the following do not comprise Released Claims: Private rights of action provided, however, that nothing herein shall prevent Defendant from raising any defense against an Affected Consumer whose complaint Defendant has resolved.

11. PENALTIES FOR FAILURE TO COMPLY

11.1 The Attorney General (or designated representative) shall have the authority to enforce the injunctive provisions of this Consent Judgment or to seek sanctions for violations hereof or both.

12. COMPLIANCE WITH ALL LAWS

12.1 Except as provided in this Consent Judgment, no provision herein shall be construed as:

- (a) Relieving Defendant of its obligation to comply with all State and federal laws, regulations, or rules, or as granting permission to engage in any acts or practices prohibited by such laws, regulations or rules; or
- (b) Limiting or expanding any right Plaintiffs may otherwise have to obtain information, documents or testimony from Defendant pursuant to any State or federal law, regulation or rule, or limiting or expanding any right Defendant may otherwise have pursuant to any State or federal law, regulation or rule, to oppose any process employed by Plaintiffs to obtain such information, documents or testimony.

13. NOTICES UNDER THIS CONSENT JUDGMENT

13.1 Except as otherwise provided herein, any notices or other documents required to be sent to Plaintiffs or Defendant pursuant to this Consent Judgment shall be sent by United States mail, Certified Mail Return Receipt Requested, or other nationally recognized courier service that provides for tracking services and identification of the Person signing for the documents. The notices and/or documents shall be sent to the following addresses:

All notices directed to Plaintiffs shall be sent to:

Nicholas Armstrong, Deputy Attorney General
State of New Jersey
Department of Law and Public Safety
Division of Law
124 Halsey Street – 5th Floor
Newark, New Jersey 07101

All notices directed to Defendant shall be sent to:

Richard M. Knoth, Esq.
Bricker & Eckler LLP
1375 East Ninth Street, Suite 1500
Cleveland, Ohio 44114-1719

Circuit City Stores, Inc.
Legal Department
Attn: Mary Louise Roberts
4950 Mayland Drive
Richmond, Virginia 23233

18th October
IT IS ON THE 17 DAY OF October, 2005 SO ORDERED,
ADJUDGED AND DECREED. 784

[Signature]
HON. PETER E. DOYNE, P.J.Ch.

JOINTLY APPROVED AND
SUBMITTED FOR ENTRY:

FOR THE PLAINTIFFS:

ORDER TO BE SERVED
WITHIN 7 DAYS.

PETER C. HARVEY
ATTORNEY GENERAL OF NEW JERSEY
Attorney for Plaintiffs

By: [Signature]
Nicholas Armstrong
Deputy Attorney General

Dated: 10/13, 2005

124 Halsey Street - 5th Floor
Post Office Box 45029
Newark, New Jersey 07101
(973) 648-7819

FOR THE DEFENDANT:

BY: Michael E Foss
Michael E. Foss, Chief Financial Officer
Circuit City Stores, Inc.

Dated: 10/11/05, 2005

Circuit City Stores, Inc.
4950 Mayland Drive
Richmond, Virginia 23233

FOR THE DEFENDANT:

BRICKER AND ECKLER, LLP.
Attorneys for Defendant

By: 
Richard M. Knoth, Esq.

Dated: 10-12, 2005

Bricker & Eckler LLP
1375 East Ninth Street, Suite 1500
Cleveland, Ohio 44114-1718